

# Vancouver Affordable Housing Endowment Fund (VAHEF)

Council Presentation

RTS 12758

September 18, 2018

# Recommendation

- A. THAT Council approve in principle the provisional Mandate and Guiding Principles as outlined in this report, for the creation of a new Vancouver Affordable Housing Endowment Fund.
  
- B. THAT Council approve the proposed activities to further develop the strategy and management of VAHEF as outlined in this report and report back to Council in early/mid 2019.

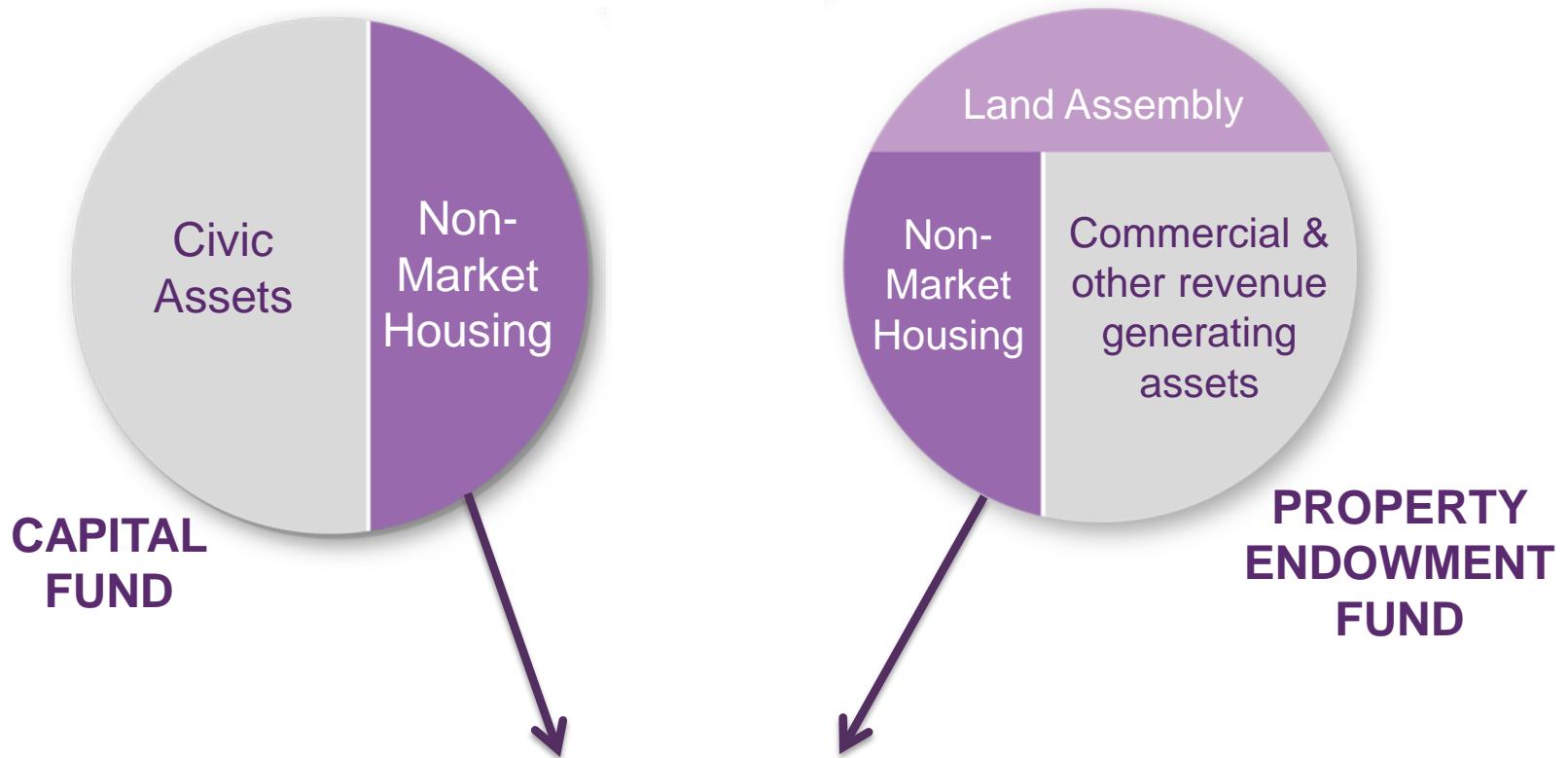
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2. Provisional Mandate and Guiding Principles
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# Current State of City's affordable housing delivery

- Delivery and management of affordable housing is distributed across a number of City departments and governance structures
- The Capital Fund (CF) and Property Endowment Fund (PEF) hold the majority of these assets and yet affordable housing delivery is not their core mandate
- City's ability to maximize affordability and social outcomes is hindered by transactional decision making, limiting potential benefits of economies of scale, portfolio optimization, and clarity of purpose and decision-making

# Future of Affordable Housing Delivery: Consolidating City Non-market Housing Assets into One Portfolio



## Vancouver Affordable Housing Endowment Fund

A consolidated portfolio for the delivery of non-market housing. Assets to be managed by the new Fund include over 200 non-market housing assets with estimated value of ~\$2B.

# Provisional Mandate and Guiding Principles

## MANDATE

Includes a **purpose statement** and associated **goals**.

Provides clear direction of WHAT VAHEF is intended to accomplish and its contribution to the growth and preservation of affordable housing in Vancouver.

## GUIDING PRINCIPLES

Set parameters with respect to HOW the planning and management of VAHEF should achieve its provisional Mandate.

# Mandate - Purpose

**Make an enduring contribution to meeting the housing and affordability needs of Vancouver residents, by sustainably managing and growing the City of Vancouver's portfolio of affordable housing assets, contributing to complete and inclusive communities and city-wide housing targets.**

- Dedicated to managing the City's portfolio of affordable housing assets in a sustainable way to ensure an enduring contribution
- Contributes to meeting housing and affordability needs for current and future residents
- Aligns with the City's broader city-wide housing targets, currently defined in Housing Vancouver

# Mandate - Goals

Invest in new affordable housing in line with the demand for affordable homes by Vancouver residents.

Strategically manage the portfolio of affordable housing assets through appropriate operation, maintenance, renewal, development, and redevelopment to ensure safe and healthy homes for residents.

Create and maintain homes that are affordable to a diversity of Vancouver residents earning local incomes and for those living in poverty or are experiencing or at risk of homelessness.



Provide long-term homes that support resident's participation in the community and increases their sense of social inclusion and security.

Maintain the financial sustainability of the endowment to continually contribute to meeting housing needs in the city, serving current and future residents of Vancouver.



# Guiding Principles

1. Decisions made today should ensure that current and future residents will be served by a well-managed and diverse portfolio of affordable homes.
2. VAHEF will contribute to the development of complete communities, which include a diversity of incomes, backgrounds and household types, while optimizing for asset-specific characteristics and the ability to attract partner investment.
3. Partnerships are necessary for achieving financial sustainability, to grow the number of homes available to residents, and to ensure the depth of affordability of those homes can meet local needs.
4. Alongside the need to grow the portfolio of assets managed by VAHEF, the City and housing partners must responsibly reinvest in existing affordable housing over time to maintain affordability, condition and safety.
5. VAHEF will manage the City's affordable housing assets in a financially sustainable way, serving all Vancouver residents, such that the revenue generated from its activities and any operating subsidies from external parties must be sufficient to preserve the endowment; allowing for dedicated funding streams (e.g. CACs, DCLs) to be invested in growth of the portfolio.

# Transitory Principles

1. The consolidation of the City's affordable housing assets should fairly consider the impact to the financial sustainability of the City's other funds and their ability to fulfil their respective mandates.
2. Interim decisions regarding the City's affordable housing assets should strive to align with the provisional Mandate and Guiding Principles while the strategy for VAHEF is being developed.

# Assets Under VAHEF Management

## Managed as part of VAHEF Portfolio

- City-owned Social/Supportive Housing (including ASPs secured through development)
- Existing social/supportive housing on City Land Leased for Non-Market Housing
- New Social/Supportive Housing under development on City Land
- Land in the CF secured for affordable housing development

## Managed by Capital Fund & Property Endowment Fund

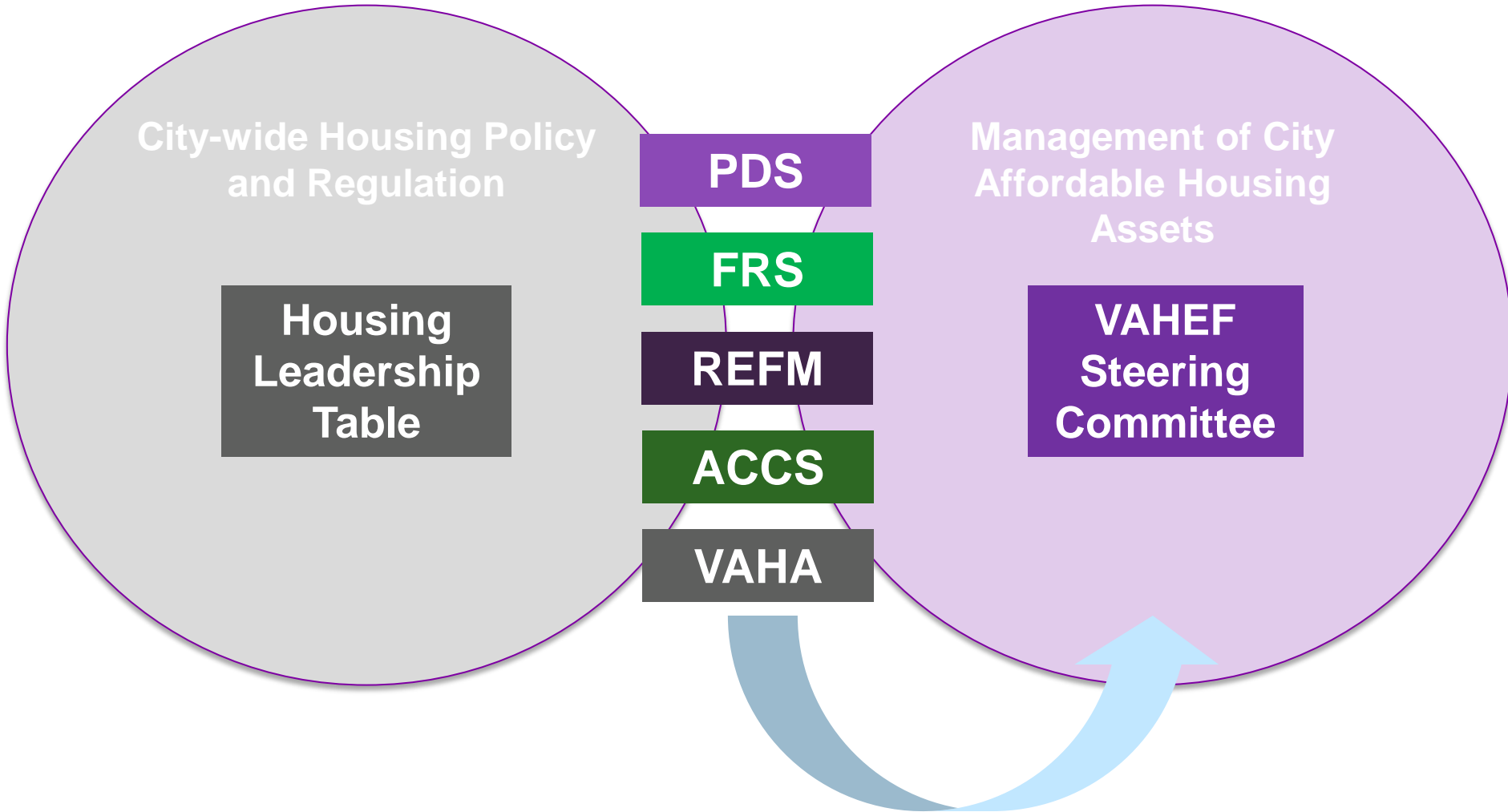
- Existing Market Rental
- Strata Leaseholds
- Commercial/ Industrial Development Sites
- Arts/Culture Spaces

## For Future Consideration\*

- Mixed-Use Buildings: commercial, social service, civic facility + residential
- Vancouver Public Housing Corporation assets
- Market rental assets created in the future

\*Consideration will be made whether VAHEF should manage revenue-generating assets (e.g. market rental and commercial) in the future, if these assets can contribute to the VAHEF mandate.

# Interim VAHEF Governance & Management



Portfolio planning & strategic decisions raised to steering committee.  
e.g. setting VAHEF portfolio targets, new site acquisitions etc.

# Preliminary Feedback from Stakeholders & Asset Managers

- Partners appreciative of early consultation & desire to remain involved
- VAHEF is an opportunity for the City to demonstrate leadership in delivery of affordable housing through a clear and consistent mandate & set of goals
- City's contribution and any financial benefits should stay in the fund to build confidence of potential partners & ensure sustainability
- Examine & clarify VAHEF's role in addressing affordable housing need and enable partners to focus on roles they specialize in
- Simplify interaction with the City when developing affordable housing on City land to a 'single point of contact'
- Consider both financial and non-financial measures when defining success
- Enable transparency through regular monitoring and reporting
- VAHEF is an opportunity to facilitate greater alignment with senior government
- Securing funding for affordable housing is a huge challenge, VAHEF will have to balance investment in existing stock, new unit creation and maintaining affordability with the economic viability of projects

# Next Steps

## **Pending Council's in-principle approval of provisional mandate & guiding principles:**

1. Develop the strategy for VAHEF;
2. Design VAHEF's governance structure, business model and operations model to deliver the strategy and manage portfolio activity;
3. Transition to the governance structure, business and operating models as defined in (2) above.

## **Staff will report back to Council on item (1) above in early/mid 2019, which will consist of the following:**

- VAHEF objectives and targets
- Current state portfolio assessment and optimization strategy
- Delivery model(s) for new projects
- Financial strategy
- Partnership strategy
- Governance structure and legal construct options
- Final VAHEF mandate and guiding principles

**Thank you**